



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA



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Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

Briefing Session: Incentives Expert

Energy Efficiency Standards and Labelling

December 11, 2013

Background to the S&L Project

- The S&L project is executed by the Department of Energy and the Department of Trade and Industry through the United Nations Development Programme (UNDP) funded by the Global Environment Facility (GEF).
- This project is executed as part of the implementation of the National Energy Efficiency Strategy which sets out a 12% energy intensity reduction by 2015.
- This overall target is based on the following disaggregation of sub-sectors: Residential (10%), Mining and Industry (15%), Power Generation (9%), and Commercial and Public Buildings (10%), and Transport (10%).
- The S&L project is expected to contribute towards the 10% of the Residential sector.

Background to the S&L Project

- The project's main objective is to reduce electricity demand and green house gas emissions attributable to use of household appliances .
- It is estimated that on completion the project will save up to 338 GWh/year, which will amount to about 4.6 Mt of direct CO₂ emissions reductions over the life time of the appliance covered and indirect CO₂ emissions reductions of 11.5 Mt CO₂
- The above objectives will be achieved by introducing energy efficient household appliances into the SA market over .

Background to the S&L Project

- For the next three years, twelve household appliances have been selected for introduction into the market. These are:
 - Air Conditioners
 - Audio & video equipment
 - Electric water heaters (geysers)
 - Electric lamps
 - Dish washers
 - Washing machines
 - Tumble dryers
 - Washer-dryer combination
 - Fridges
 - Freezers
 - Fridge-freezer combination
 - Electric ovens

Objectives

- To overcome barriers of higher initial cost that often restricts the purchase of energy efficient products.
- Incentives will thus be used to increase the uptake of energy efficient appliances.
- Typical incentives used in similar initiatives are rebates for consumers to reduce cost of new technology and tax imposed on old and inefficient products.
- Other incentives that can be considered are reduced import duties on energy efficient appliances and financing of energy efficiency investments. This could include loans to support manufacturers and purchasers of energy efficient appliances.

Objectives

- Also important are regulatory programs that can be used to persuade different stakeholders towards the use of energy efficient appliances.
- While all the above may be considered for increasing the uptake of energy efficient household appliances; there are other incentives that can be considered for the SA market.
- The objective of these terms of reference is to assess currently running incentive schemes in SA, report on their effectiveness and relevance to the S&L project, research other incentives options that should be considered in SA and recommend steps to introduce the most effective incentives to meet the S&L project objectives.

Scope of Work

	Output	Verifiable Indicator	Means of Verification
1.	<p>Evaluate existing and planned incentives</p> <ul style="list-style-type: none"> Review incentives to manufacturers for upgrading manufacturing plants/processes Review incentives to influence choices made by consumers, private and public agencies Review Eskom's incentive scheme Review National Treasury's existing and planned energy efficient incentives 	<p>Report on existing incentives.</p> <p>Report to include:</p> <ul style="list-style-type: none"> List of incentive schemes, their effectiveness and relevance to the S&L project Recommendations for adopting some of the existing incentive schemes for the S&L project 	<ul style="list-style-type: none"> Report discussed by the Incentives and Financing Working Group and recommendations forwarded to the PSC

Scope of Work

	Output	Verifiable Indicator	Means of Verification
2	<p>Identify new incentive which could be introduced to achieve project objectives</p> <ul style="list-style-type: none"> Conduct an international research on potential incentives for the S&L project. Assess and propose introduction of government purchasing policies in favour of energy efficient products Asses and propose means to encourage competitiveness between manufacturers by identifying best performers and introduction of an award system. 	<p>Recommendation for S&L incentives. Report to include, but not limited to:</p> <ul style="list-style-type: none"> Rationale for recommendation(s). Potential impact of recommended incentives to the SA market. Regulatory implications for recommendations 	<ul style="list-style-type: none"> Recommendations tabled and discussed by the Incentives and Financing Working Group

Scope of Work

	Output	Verifiable Indicator	Means of Verification
3.	Engage stakeholders on proposed incentives	Workshop to discuss proposed incentives to support the S&L project	<ul style="list-style-type: none"> Workshop attendees and comments
4.	Guide and facilitate introduction of proposed incentives	Key steps to be followed to introduce the incentives in SA	<ul style="list-style-type: none"> Comments on the guide from relevant departments

Duration and BBBEE Requirements

- The duration of the project is nineteen (19) weeks effective from the date a contract is signed with the successful service provider.
- Provisions of the Preferential Procurement Policy Framework Act (PPPFA) of 2011 and its regulation will apply in terms of awarding points.
- Bidders are required to submit original and valid B-BBEE Status Level Verification Certificates or certified copies thereof together with their bids, to substantiate their B-BBEE rating claims.
- Bidders who do not submit their B-BBEE status level verification certificates or are non-compliant contributors to B-BBEE will not qualify for preference points for B-BBEE.

Project Plan/Proposal

- The proposal should, in addition to price, include intermediate and final outputs and identified timeframes/milestones.
- Proposed Methodology.
- Management of the project.
- The successful service provider may be required to present their Project Execution Plan.



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Thank You